

MINUTE ITEM

14. WAIVER OF OPERATING REQUIREMENTS, MINERAL EXTRACTION LEASE P.R.C. 709.1, CONSTRUCTION AGGREGATES CORPORATION, POINT KNOX AND PRESIDIO SHOALS, SAN FRANCISCO BAY, SAN FRANCISCO AND MARIN COUNTIES - W.O. 3171.

After consideration of Calendar Item 32 attached, and upon motion duly made and unanimously carried, the following resolution was adopted:

THE COMMISSION WAIVES THE OPERATING REQUIREMENTS, AS SPECIFIED IN SECTION 10 OF MINERAL EXTRACTION LEASE P.R.C. 709.1, FOR THE LEASE YEAR ENDING FEBRUARY 13, 1959, BECAUSE OF THE CIRCUMSTANCES WHICH HAVE PREVENTED COMPLIANCE BY THE LESSEE, ALL OTHER TERMS, CONDITIONS AND PERFORMANCE REQUIREMENTS UNDER THE SUBJECT LEASE TO REMAIN UNCHANGED.

Attachment

Calendar Item 32 (1 page)

CALENDAR ITEM

32.

WAIVER OF OPERATING REQUIREMENTS, MINERAL EXTRACTION LEASE P.R.C. 709.1, CONSTRUCTION AGGREGATES CORPORATION, POINT KNOX AND PRESIDIO SHOALS, SAN FRANCISCO BAY, SAN FRANCISCO AND MARIN COUNTIES - W.O. 3171.

Construction Aggregates Corporation, lessee under Mineral Extraction Lease P.R.C. 709.1, issued February 14, 1952, pursuant to competitive public bidding, has reported that no material has been removed from the lease during the current operating year. Lease P.R.C. 709.1 requires an annual advance rental of \$900, a royalty of three cents per cubic yard for all sand extracted, and the performance of a specified minimum of 100 shifts of extraction operations during each year of the lease.

Several programmed operations involving a large amount of sand fill, on which the lessee proposed to bid, have been abandoned. An effort was made to fulfill operating requirements for the lease year by entering into a subcontract with another operator. However, in response to a public notice issued by the Corps of Engineers concerning this matter, a tank ship association objected to the proposed operation on the grounds that they would endanger navigation. This matter is currently being investigated by the Corps of Engineers.

The lessee is interested in continuance of the lease because of several prospects for future operations, but feels that the performance of the minimum shift requirements without commercial removal of material would serve no useful purpose. Therefore, it has been requested that the requirement for extraction operations be waived for the lease year ending February 13, 1959.

In consideration of the lack of competition in bidding at the time of the lease offer, the prepaid annual rental, and the fact that no State lands have been occupied or utilized,

IT IS RECOMMENDED THAT THE COMMISSION WAIVE THE OPERATING REQUIREMENTS, AS SPECIFIED IN SECTION 10 OF MINERAL EXTRACTION LEASE P.R.C. 709.1, FOR THE LEASE YEAR ENDING FEBRUARY 13, 1959, BECAUSE OF THE CIRCUMSTANCES WHICH HAVE PREVENTED COMPLIANCE BY THE LESSEE, ALL OTHER TERMS, CONDITIONS AND PERFORMANCE REQUIREMENTS UNDER THE SUBJECT LEASE TO REMAIN UNCHANGED.